

WEIL, GOTSHAL & MANGES LLP  
767 Fifth Avenue  
New York, New York 10153  
Telephone: (212) 310-8000  
Facsimile: (212) 310-8007  
Ralph I. Miller  
Peter Gruenberger  
Jacqueline Marcus

Attorneys for Debtors  
and Debtors in Possession

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

-----x-----  
In re : Chapter 11 Case No.  
LEHMAN BROTHERS HOLDINGS INC., *et al.* : 08-13555 (JMP)  
Debtors. : (Jointly Administered)  
-----x-----

**DECLARATION OF ROBERT HERSHAN  
IN SUPPORT OF DEBTORS' MOTION PURSUANT  
TO RULE 9019 OF THE FEDERAL RULES OF BANKRUPTCY PROCEDURE  
FOR APPROVAL OF A SETTLEMENT AMONG LEHMAN BROTHERS SPECIAL  
FINANCING INC., BNY CORPORATE TRUSTEE SERVICES LIMITED, PERPETUAL  
TRUSTEE COMPANY LIMITED, AND OTHERS, RELATING TO CERTAIN SWAP  
TRANSACTIONS WITH SAPHIR FINANCE PUBLIC LIMITED COMPANY**

Pursuant to 28 U.S.C. § 1746, I, Robert Hershan, declare:

1. I am over the age of 18 years and make these statements of my own personal knowledge, my review of the business records of Lehman Brothers Special Financing Inc. (“LBSF”) and Lehman Brothers Holdings Inc. (“LBHI”) (together with LBSF, the “Debtors”), and/or my consultation with employees of the Debtors. If called to testify, I could testify to the truth of the matters set forth herein.

2. I submit this declaration in support of the *Debtors' Motion, Pursuant to Rule 9019 of The Federal Rules of Bankruptcy Procedure, For Approval of a Settlement Among Lehman Brothers Special Financing Inc., BNY Corporate Trustee Services Limited, Perpetual Trustee Company Limited, and Others, Relating To Certain Swap Transactions With Saphir Finance Public Limited Company* (the "Motion").

3. I am a Managing Director with Alvarez and Marsal North America, LLC. I was assigned to the LBHI matter on September 17, 2008. One of my primary areas of responsibility includes managing a portfolio of the Debtors' derivatives transactions with counterparties that are special purpose entities. In that role I have independently reviewed, have become familiar with and have personal knowledge regarding certain transactions that the Debtors entered into before their bankruptcy with special purposes entities, including the transactions with Saphir Finance Public Limited Company ("Saphir") that are the subject of the Motion.

4. I am familiar with the Transactions<sup>1</sup> and the Transaction Documents, as well as the Adversary Proceeding, the US Appeal, the English Proceedings, and the UK Appeal. I have reviewed the Termination and Settlement Agreement and the Settlement Payment Deed. I have also reviewed the Motion, which accurately reflects the terms of the Settlement.

5. After consultation with various employees of the Debtors and with counsel in both the United States and the United Kingdom, I believe that the Settlement is in the best interests of the Debtors, their estates and creditors. The Settlement will enable the Debtors to avoid the risks and costs of litigation in two separate courts, including the US Appeal and the UK Appeal, and the time and expense associated with coordinating the separate proceedings of these two courts. Although the Debtors are confident that this Court's Summary Judgment Order is

---

<sup>1</sup> Capitalized terms not defined herein shall have the meanings ascribed to them in the Motion.

grounded in sound bankruptcy law and should be affirmed, any uncertainty with respect to further litigation (including the potential for further appeals) is necessarily time consuming and costly to the Debtors' estates. Furthermore, any degree of success on the part of BNY in the US Appeal could negatively impact the Debtors' efforts to recover value from other similarly situated counterparties. The Settlement also avoids the need to reconcile the potentially inconsistent decisions of the courts in the United States and the United Kingdom.

6. The Settlement was negotiated at arm's-length by members of the Debtors' derivatives workforce both in New York and London, and achieves a very favorable result for the Debtors that will provide significant value to the Debtors' estates. In addition, the Creditors' Committee has been involved in the discussion and negotiation of the Settlement, and has been fully informed of and consented to the terms of the Termination and Settlement Agreement and the Settlement Payment Deed.

7. Overall, the Settlement will allow LBSF to capture the value of the Transactions for its estate, while avoiding the costs and uncertainty associated with continuation of the pending litigation.

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct to the best of my knowledge.

Executed on this 23d day of November 2010.

/s/ Robert Hershan  
Robert Hershan